

Supply—Industry

money to run the show and then comes back to ask us if it is all right.

The same thing was done by the department of manpower in connection with the adult training program. The program was in operation throughout the country before we passed the bill establishing it. I know I am rather off the subject when I mention manpower and adult training, but all hon. members know what a great shemuzzle that was in this country. There still is a great deal of confusion connected with this training program. With these few observations I will conclude my remarks. No doubt there will be many questions to be asked as we consider these estimates.

Mr. Orlikow: Mr. Chairman, as I listened to the Minister of Industry, Trade and Commerce extol the virtues of the Canada-United States auto pact I was reminded of the words of the former minister of industry when he proposed the plan. It seemed to me that, although this minister is a French Canadian and the former minister is an English Canadian, really the more things change in a Liberal government the more they are the same. We have had an explanation of this plan which reminded me of the famous maxim of Mr. Charles Wilson when he was secretary of defence for the United States. Mr. Wilson had been president of the General Motors Corporation. On one occasion he said, "what is good for G.M. is good for the American people". As I listened to the minister I could not help but think that the minister really had the same view, that what is good for the auto companies of Canada must be good for the Canadian people. Certainly that is not entirely true.

● (4:50 p.m.)

I remind the minister and members of the house that the purpose of the auto pact was to provide free trade, not for you, Mr. Chairman, or for me or other buyers of automobiles in Canada but for the giant automobile companies in the United States and their mouse partners in Canada. It enabled them to rationalize their production to the extent that they could exchange automobiles and automobile parts without paying the customary duty. What the minister did not tell us this afternoon was that the sweetener that the Canadian people gave these poor automobile companies like General Motors, Ford and Chrysler, who between them own billions of dollars worth of assets in the United States, Canada and other countries in the world, was \$50

[Mr. Hales.]

million in tax revenue as an inducement to enter this pact.

When the pact was first proposed the then minister told the Canadian people that one of the results of the pact would be a reduction in automobile prices in Canada to the extent that the price in Canada would approximate that paid in the United States for the same automobile. For many years we were told that automobile prices in Canada had to be substantially higher than prices in the United States because the market in Canada was much smaller, the production run for individual models was smaller, and therefore productivity was lower and automobiles cost more. The minister has already said that as a result of the pact the industry has been rationalized to a large extent and the number of models manufactured in Canadian factories has been cut sharply. There is a flow from Canada to the United States which has made productivity in both Canada and the U.S. increase.

When he introduced this pact the former minister of industry, now President of the Treasury Board, in a statement on January 15, 1965, dealing with the effect of the pact on the cost of automobiles had this to say:

Of significance for the Canadian consumer is the fact that over several years, the plan should progressively make possible increased efficiency and reduced costs. Indeed, this is one of the principal objectives of the entire program. In line with the attainment of lower costs of production, it is to be anticipated, as the program develops, that the forces of competition will gradually result in savings for Canadian consumers in the form of a narrowing differential between Canadian and United States prices for motor vehicles and components.

It was not only the opposition members of parliament who took the minister seriously, Mr. Chairman. The *Vancouver Sun*, a newspaper that members from British Columbia will know better than I to be a supporter of the Liberal party, published an editorial in its edition of April 14, 1965, from which I should like to place on record one or two sentences:

Among other things, Mr. Walter Gordon's forthcoming budget will have to defend the Canadian-American free trade deal in automotive products. It can be easily defended if it means that automobile prices will soon fall. If they don't, the deal is quite indefensible.

Then the *Winnipeg Free Press*, published in my own city, made this comment in its issue of April 17, 1965.

A much larger question now faces the Canadian government as a result of the free trade deal. It is whether this ostensibly constructive agreement will do any good for the Canadian consumer or whether it will benefit only a few rich automobile manufacturers.